

STATE OF IOWA  
DEPARTMENT OF COMMERCE  
UTILITIES BOARD

IN RE:  MIDAMERICAN ENERGY COMPANY	DOCKET NOS. RFU-98-11 RFU-98-22 RFU-99-2 WRU-00-21-156 (WRU-98-9-156)
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**ORDER GRANTING WAIVER AND REHEARING**

(Issued April 14, 2000)

On March 17, 2000, MidAmerican Energy Company (MidAmerican) applied for rehearing and stay of the Utilities Board's (Board) February 28, 2000, order in Docket No. RFU-98-11, et al. On March 28, 2000, the Board issued an order denying the stay and asked MidAmerican to file a refund plan with the expectation that the plan "will provide more detailed information regarding the possible effect of requiring a refund at this time." On April 3, 2000, MidAmerican made a filing comprised of three parts: (1) an updated status report regarding the uncertainty surrounding the ultimate disposition of Kansas ad valorem tax refund amounts, (2) an application for a waiver requesting authorization to retain the refund in a special refund retention account until November 1, 2000, identified as Docket No. WRU-00-21-156, and (3) proposed refund plan factors.

MidAmerican, in the status report, states Northern has not yet received refund amounts from all producers and the amounts previously billed by Northern to the

producers (the amount upon which a few producers have submitted refunds) are not entirely accurate. MidAmerican also identifies certain other events that have recently occurred with respect to the Kansas ad valorem tax refunds, including Northern holding an upcoming settlement discussion meeting in May with producers, state regulators, and customers to discuss resolution of the outstanding refunds.

MidAmerican is requesting a waiver of 199 IAC 19.10(8)"a" in order to retain the Kansas ad valorem tax refunds in a special refund retention account until November 1, 2000. The application for waiver is necessary since the combined refunds related to the Kansas ad valorem tax exceed five dollars for the average residential customer. MidAmerican is also asking the Board for permission to include the refunds in its Annual Purchased Gas Adjustment (PGA) Reconciliation. The current average refund per residential customer, with interest calculated through March 30, 2000, is \$6.26.

By including the Kansas ad valorem tax refunds in the PGA reconciliation, MidAmerican will be able to reduce any underbilling of gas costs as of August 31, 2000. If the PGA reconciliation results in an undercollection, the refunds will be used to offset the undercollection and interest will be paid on the refunds through November 15, 2000. If the PGA reconciliation results in an overcollection the interest on the refund will continue to be paid and included through half of the prospective ten-month period beginning November 1, 2000.

In the event that the Board requires MidAmerican to make customer refunds now, but MidAmerican is ultimately required to return the Kansas ad valorem tax refunds back to its pipeline suppliers, MidAmerican requests the Board include a specific statement in the order approving the refund plan to the effect that MidAmerican will be authorized to collect from its customers any over-refunded amounts associated with this refund.

On March 27, 2000, the Consumer Advocate Division of the Department of Justice (Consumer Advocate) filed a response to MidAmerican's application for rehearing. Consumer Advocate states it is aware of the uncertainty with respect to the amount of refunds. Consumer Advocate expresses the belief it is better for MidAmerican to retain the refund amount with interest accruing thereon than to refund the amount at this time and potentially have to charge customers for all or part of the refund amount at a later date.

The Board will grant MidAmerican's waiver request to retain the Kansas ad valorem tax refunds in a special refund retention account until November 1, 2000. Allowing the refund amounts to be retained until the PGA reconciliation could prove beneficial for the following reasons:

1. The refund amounts could be used to offset any PGA undercollection MidAmerican may experience. In PGA-00-13, MidAmerican calculated an anticipated undercollection of gas costs in the amount of \$9.9 million for the PGA year ended August 31, 2000. It would be less efficient to

require MidAmerican to refund approximately \$4.4 million now only to allow MidAmerican to collect increased PGA amounts in the near future.

2. The additional time may further clarify the proper amount of refund due MidAmerican from Northern. MidAmerican in its status report pointed out litigation and settlement negotiations are still ongoing at this time and may affect the final refund amount.

3. By making the refund through the PGA reconciliation, the administrative costs involved in requiring a refund by bill credit or check could be avoided. There are potentially significant costs associated with making refunds by bill credit or by check, but there would be little if any administrative costs involved in having the refunds go back through the PGA reconciliation.

For these reasons, the Board will grant MidAmerican's application for rehearing and approving the waiver requested in Docket No. WRU-00-21-156 to permit MidAmerican to continue to retain the Kansas ad valorem tax refunds in a special refund retention account until November 1, 2000, at which time the balance can be included in MidAmerican's PGA reconciliation.

**IT IS THEREFORE ORDERED:**

1. The application for waiver filed by MidAmerican Energy Company on April 3, 2000, is granted.

2. The request for rehearing filed by MidAmerican Energy Company on March 17, 2000, is granted to the extent described in the body of this order.

**UTILITIES BOARD**

/s/ Allan T. Thoms

ATTEST:

/s/ Raymond K. Vawter, Jr.  
Executive Secretary

/s/ Diane Munns

Dated at Des Moines, Iowa, this 14<sup>th</sup> day of April, 2000.